

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 EB-08 TRSE-00 STR-06 OMB-01 CEA-01

COME-00 FRB-03 XMB-02 OPIC-03 LAB-04 SIL-01 AF-10

EA-10 EUR-12 NEA-10 IO-13 /150 W

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SUBJECT: SENATOR BENTSON'S MEETING WITH ICE PRESIDENT FIGUEREDO-
HIGHLIGHTS

1. ON JANUARY 11, SENATOR BENTSON MET WITH DR. REINALDO FIGUEREDO, PRESIDENT OF THE INSTITUTO DE COMERCIO EXTERIOR (CE) AND MEMBERS OF HIS STAFF. DURING THE CONVERSATION, SEVERAL TOPICS OF SPECIAL INTEREST WERE DISCUSSED, AND FIGUREDOR'S COMMENTS ARE SUMMARIZED IN THE FOLLOWING PARAGRAPHS.

2. TRADE. FIGURERDO SAID VENEZUEAL WAS ENTERING A PERIOD OF BALANCE OF PAYMENTS DIFFICULTIES BECAUSE OF RISING DEMAND FOR IMPORTS. HE ESTIMATED THAT VENEZUELA WOULD EXPERIENCE A BLANCE OF TRADE DEFICIT IN 1978 FOR THE FIRST TIME IN DECADES. THE GOV DID NOT WANT TO IMPOSE GENERAL RESTRICTIONS ON IMPORTS BUT WOULD CONTINUE TO TAKE ACTION ON A SELECTIVE BASIS, AS THE NEED ARISES. THE GOV SOUGHT MORE UNDERSTANDING AND COOPERATION FROM VENEZUELA'S MAIN TRADING PARTNERS ON THE IMPORTS PROBLEM AND HAS DISCUSSED THIS MATTER WITH THE U.S. EMBASSY. HE CITED (WITH OBVIOUS IRRITATION) THE EXAMPLE OF THE JAPANESE WHOSE SALES TO VENEZUELA WERE GROWING VERY RAPIDLY BUT WHO HAD NOT BOUGHT "ONE BOLIVAR" IN
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VENEZUELAN EXPORTS. GIVEN MANPOWER AND INFRASTRUCTURE LIMITATIONS, VENEZUELA IS DEVELOPING TOO FAST, AND DOESN'T NEED EITHER THE AMOUNT OF LUXURY IMPORTS OR MUCH OF THE HIGH TECHNOLOGY EQUIPMENT NOW BEING IMPORTED.

3. INTEGRATION- VENEZUELA SEEKS MORE UNDERSTANDING AND SUPPORT FROM THE UNITED STATES AND OTHER DEVELOPED NATIONS WITH RESPECT TO ITS

INTEGRATION EFFORTS. THE INTEGRATION MOVEMENT IS NOT DIRECTED AGAINST ANYONE. THE PRESENT ADMINISTRATION IN WASHINGTON HAS EXPRESSED SUPPORT FOR THE LATIN AMERICAN INTEGRATION MOVEMENT, BUT MORE POSITIVE ACTION IS NEEDED. INTEGRATION IS NECESSARY TO THE DEVELOPMENT OF LATIN COUNTRIES IN THAT IT PROVIDES CHANNELS FOR MARKETING GOODS ON A REGIONAL BASIS.

4. THIRD WORLD DEBT: FIGUEREDO DESCRIBED THE DEBT OF THE THIRD WORLD AS A BURDEN WHICH IS CONSTRAINING DEVELOPMENT. VENEZUELA IS MAKING FUNDS AVAILABLE TO HELP DEVELOPING COUNTRIES BUT HAS BEEN CRITICIZED FOR INSISTING ON LOANS AT COMMERCIAL TERMS. A COUNTRY LIKE VENEZUELA, WHICH IS ENGAGED IN ITS OWN DEVELOPMENT PROGRAM, CANNOT BE ASKED TO PROVIDE AID ABROAD ON CONCESSIONAL TERMS. WHEN A DEVELOPED COUNTRY (E.G. THE UNITED STATES) PROVIDES FUNDS FOR DEVELOPMENT, THE RECIPIENT TENDS TO SPEND THAT MONEY IN THE DEVELOPED WORLD FOR INPUTS INTO ITS DEVELOPMENT PROGRAM. THUS, IN A SENSE, THE DEVELOPED COUNTRY DONOR GETS AT LEAST A PORTION OF ITS FUNDS BACK. WITH A COUNTRY LIKE VENEZUELA, THIS IS NOT THE CASE. VENEZUELAN LOANS ARE USED BY THE RECIPIENT COUNTRY TO FINANCE PURCHASES OF CAPITAL GOODS FROM EUROPE OR THE UNITED STATES. THUS THE ASSISTANCE DOLLAR DOES NOT COME BACK TO VENEZUELA. WHAT IS NEEDED, THEREFORE, IS AN UNDERSTANDING THAT THE DEVELOPED WORLD WOULD SUBSIDIZE THE INTEREST COST OF OPEC AND OTHER RICH DEVELOPING COUNTRY ASSISTANCE TO POORER COUNTRIES. IF THIS UNDERSTANDING WERE REACHED, MORE FUNDS (E.G., OPEC FUNDS) WOULD BE PUT TO WORK IN THE DEVELOPING WORLD AND LESS PLACED IN NEW YORK AND LONDON. THE INTEREST LIMITED OFFICIAL USE

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SUBSIDY WOULD STIMULATE FLOWS OF FUNDS INTO POORER NATIONS WHICH OTHERWISE WOULD NOT TAKE PLACE.
VAKY

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